FCC For	m 481 - Carrier Annual Reporting Data Collection Form			FCC Form 481 OMB Control No. 3060-0 July 2013	0986/OMB Control	No. 3060-0819
<010>	Study Area Code	613018				
<015>	Study Area Name	NUSHAGAK ELEC & TE	L			
<020>	Program Year	2016				
-	Contact Name: Person USAC should contact					
<u> </u>	with questions about this data	Michael O. Megli				
<035>	Contact Telephone Number: Number of the person identified in data line <030>	9078425251 ext.				
<039>	Contact Email Address: Email of the person identified in data line <030>	mmegli@nushagak.co	op			
ANNUA	L REPORTING FOR ALL CARRIERS				54.313 Completion Required	54.422 Completion Required
<100>	Service Quality Improvement Reporting		(complete attached wor	ksheet)	✓	
<200>	Outage Reporting (voice)		(complete attached wor	ksheet)		
<210>		outages to report		Γ	✓	111111
<300>	Unfulfilled Service Requests (voice)					****
24.0						mm.
<310>	Detail on Attempts (voice)					
				(attach descriptive do	cument)	
<320>	Unfulfilled Service Requests (broadband) 0					
<330>	Detail on Attempts (broadband)			(attach descriptive de	ocument)	*****
				, , , , , , , , , , , , , , , , , , , ,	,	
<400>	Number of Complaints per 1,000 customers (voice)			_		
<410>	Fixed 0.0				✓	✓
<420> <430>	Mobile 0.0 Number of Complaints per 1,000 customers (broadl	and)				1
<440>	Fixed 0.0	band)				
<450>	Mobile 0.0					
<500>	Service Quality Standards & Consumer Protection R	ules Compliance	(check to indicate certi	fication)	✓	 ✓
	613018AK510.pdf					
<510>			(attached descriptive	document)	✓	✓
<600>	Functionality in Emergency Situations 613018AK610.pdf		(check to indicate certi	fication)	✓	✓
					1	
			(attached descriptive do	cument)		· ·
<610>						
<700>	Company Price Offerings (voice)		(complete attached wo	rksheet)	✓	
<710>	Company Price Offerings (broadband)		(complete attached wo	rksheet)	■	
<800>	Operating Companies and Affiliates		(complete attached wo	rksheet)	<u>√</u>	√
	Tribal Land Offerings (Y/N)?	(i)	f yes, complete attached wo	rksheet)	<u>√</u>	
<1000>	Voice Services Rate Comparability Certification	L	Yes			111111
<1010>			(attach descriptive doc	rument)		
<1100>	· Certify whether terrestrial backhaul options exist (\)	res or No)	(if not, check to indica	te certification)	✓_	
21110			·	elish s sh		111111
<1110> <1200>	Terms and Condition for Lifeline Customers		(complete attached wo			√
-1200/	Price Cap Carriers, Proceed to Price Cap Additional	Documentation Work			40000	
	Including Rate-of-Return Carriers affiliated with Pr					
<2000>	The state of the s	and the second s	(check to indicate certif	ication)		
<2005>			(complete attached wo	(vcheet)		111111

(check to indicate certification)

(complete attached worksheet)

Rate of Return Carriers, Proceed to $\underline{\text{ROR Additional Documentation Worksheet}}$

<3000>

<3005>

FCC Form 481	OMB Control No. 3060-0986/OMB Control No. 3060-0819	July 2013
(I) Service Outage Reporting (Voice)	ta Collection Form	

(200) Ser Data Coll	(200) Service Outage Re Data Collection Form	(200) Service Outage Reporting (Voice) Data Collection Form	(e)						FCC OM July	FCC Form 481 OMB Control No. 3060- July 2013	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	, 3060-0819
<010>	Study Area Code	ode				613018						
<015>	Study Area Name	ame				NUSHAGAK ELEC & TEL	3C & TEL					
<020>	Program Year					2016						
<030>	Contact Name	Contact Name - Person USAC should contact regarding this data	Should contac	t regarding this	data	Michael O. Megli	Megli					
<032>	Contact Telep	Contact Telephone Number - Number of person identified in data line <030>	- Number of pe	rson identified	in data line <0.	30> 9078425251 ext.	ext.					
<039>	Contact Email	Contact Email Address - Email Address of person identified in data line <030>	il Address of pe	erson identified	in data line <0	30> mmegli@nushagak.coop	agak.coop					
<220>	¢8	<	 62>	 63>	 b4>	<c1></c1>	<c2></c2>	φ >	\ \ \ \	\$	\ \ \	<u>\$</u>
	NORS	Outage Start	Outson Start Outson Start Outson End	Outage End	Outage End	Nimber of		911 Facilities	Service Outage	Did This Outage		
	Number	Date	Time	Date	Time	Customers Affected	Total Number of	Affected	Description (Check	Study Areas	Service Outage	Preventative
							Customers	(Yes / No)	all that apply)	(Yes / No)	Resolution	Procedures
					Ĺ							

(700) Pri Data Col	(700) Price Offerings in Data Collection Form	(700) Price Offerings including Voice Rate Data Data Collection Form	Jata				FC O Ju	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	B Control No. 3060-0819
<010>	Study Area Code	pde			613018				
<015>		ame			NUSHAGAK ELEC & TEL	JEC & TEL			
<020>	Program Year				2016				
<030>	Contact Name	Contact Name - Person USAC should contact regarding this data	l contact regard	ing this data	Michael O.	O. Megli			
<032>		Contact Telephone Number - Number of person identified in data line <030>	er of person ide	ntified in data line <	:030> 9078425251 ext.	ext.			
<039>		Contact Email Address - Email Address of person identified in data line <030>	ess of person ide	entified in data line	<030> mmegli@nushagak.coop	nagak.coop			
<701>		Residential Local Service Charge Effective Date	ective Date	1/1	1/1/2015				
<702>		Single State-wide Residential Local Service Charge	service Charge						
<703>	<a1></a1>	<a2></a2>	<a3></a3>	 b1>	 	<	 b4>	<	\$
	State	Exchange (ILEC)	SAC (CETC)	Rate Type	Residential Local Service Rate	State Subscriber Line Charge	State Universal Service Fee	Mandatory Extended Area Service Charge	Total per line Rates and Fees
								0	
					See at	See attached worksheet			

(710) Broadband Price Offerings	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

 <010> Study Area Code <015> Study Area Name <020> Program Year <030> Contact Name - Person USAC should contact regarding this data <035> Contact Telephone Number - Number of person identified in data line <030> 	613018 NUSHAGAK ELEC & TEL 2016 Michael O. Megli line <030> 9078425251 ext.	
<039> Contact Email Address - Email Address of person identified in data line <030> mmegli@nushagak.coop	a line <030> mmegli@nushagak.coop	

<d4></d4>	Usage Allowance Action Taken When Limit Reached { <i>select</i> }												
<d3></d3>	Usage Allowance (GB)												
<d2></d2>	Broadband Service - Upload Speed (Mbps)												
<d1></d1>	Broadband Service - Download Speed (Mbps)												
<0>	Total Rate and Fees					had	50						
 	State Regulated Fees					- See attack	workshoot	voiksiieet =					
 	Residential Rate						•						
<a2></a2>	Exchange (ILEC)												
<a1></a1>	State												
<711>	•	•	•	1						 	 	 	

(800) Operating Companies			FCC Form 481
Data Collection Form			OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010> Study Area Code	613018		
<015> Study Area Name	NUSHAGAK ELEC & TEL	TEL	
<020> Program Year	2016		
<030> Contact Name - Person USAC should contact regarding this data	Michael O. Megli		
<035> Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.		
<039> Contact Email Address - Email Address of person identified in data line <030>	mmegli@nushagak.coop	doop	
<810> Reporting Carrier Nushagak Electric & Telephone Cooperative, Inc.	nc.		
<811> Holding Company Not Applicable			
<812> Operating Company Nushagak Electric & Telephone Cooperative, Inc.	nc.		
<813> <a1></a1>		<a2></a2>	<a3></a3>
Affiliates		SAC	Doing Business As Company or Brand Designation
	_	_	

(900) Tri Data Col	(900) Tribal Lands Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013
<010>		613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Wegli
<032>	Contact Telephone Number - Number of person identified in data line <030>	30> 9078425251 ext.
<039>)30> mmegli@nushagak.coop
		Dillingham, Aleknagik, Manokotak, Ekuk, Clarks Point, and Portage Creek
<910>	Tribal Land(s) on which ETC Serves	
] [[]	
		613018AK920.pdf
<920>	Tribal Government Engagement Obligation	
		Name of Attached Document
If your	If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes	
to conf	to confirm the status described on the attached document(s), on line 920,	
demon	demonstrates coordination with the Tribal government pursuant to	Select Ves of No. of
\$ 54.31	§ 54.313(a)(9) includes:	Not Applicable
<921>	Needs assessment and deployment planning with a focus on Tribal	Yes
	community anchor institutions.	
<922>	Feasibility and sustainability planning;	Not Applicable
<923>	Marketing services in a culturally sensitive manner;	Not Applicable
<924>	Compliance with Rights of way processes	Yes
<925>		Yes
<926>	Compliance with Facilities Siting rules	Not Applicable
<927>		Not Applicable
<928>	Compliance with Cultural Preservation review processes	Not Applicable
<929>	Compliance with Tribal Business and Licensing requirements.	Not Applicable

FCC Form 481	OMB Control No. 3060-0986/OMB Control No. 3060-0819	July 2013
) Rate Of Return Carrier Additional Documentation	Collection Form	

	TEL		i		doop	
613018	NUSHAGAK ELEC & TEL	2016	Michael O. Meqli	9078425251 ext.	mmeqli@nushaqak.	
c010> Study Area Code	:015> Study Area Name	020> Program Year	030> Contact Name - Person USAC should contact regarding this data	<035> Contact Telephone Number - Number of person identified in data line <030> 9078425251 ext.	039> Contact Email Address - Email Address of person identified in data line <030> mmeqli@nushaqak.coop	
- <010>	<015>	<020>	<030>	<032>	<039>	

<039>	Contact Email Address - Email Address of person identified in data line <030>	mmegli@nushagak.coop
CHECK	he boxes below to note compliance on its five year service quality plan (pursuant t CFR § 54.313(f)(2). I further certify that the i	CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in ACM. The boxes below is accurate.
		613018AK3010.pdf
(3010)	Progress Report on 5 Year Plan Milestone Certification (47 CFR § 54.313(f)(1)(i)}	Name of Attached Document Listing Remited Information
(3011)	Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	2 contains the required information pursuant to set of community anchor institutions to which began
(3012)	Community Anchor Institutions (47 CFR § 54313(f)(1)(ii)	613018AK3012.docx
(3013)	Syour company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)} If yes, does your company file the RUS annual report	Name of Attached Document Listing Required Information (Yes/No) (Yes/No) (Yes/No)
Please	check these boxes to confirm that the attached document(s), on line 3017, c Electronic coav of their annual RUS reports (Operating Report for	Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:
(3016)		Flows
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	
(3018)	If the response is no on line 3014, Is your company audited?	Name of Attached Document Listing Required Information (Yes/No)
(3019)	If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications	at comparable to RUS Operating Report for Telecommunications
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	Flows
(3021)	Management letter and audit opinion issued by the independent certified publi if the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:	audit opinion issued by the independent certified public accountant that performed the company's financial audit ✓
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications	
(3023)	Borrowets, Underlyinformation subjected to a review by an independent certified Dublic accountant	
(3024)	ation subjected to an officer certification. Balance Sheet, Income Statement and Statement of Ca	Flows
(3026)	Attach the worksheet listing required information	613018AK3028.pdl
		one of Attachad Decimant Litina Bassing Information

00) Rate Of Return Carrier Additional Documentation (Continued)	FCC Form 481
ta Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-081
	July 2013

613018	NUSHAGAK ELEC & TEL	:016	Michael O. Megli	078425251 ext.	megli@nushagak.coop
Study Area Code	Study Area Name	Program Year	Contact Name - Person USAC should contact regarding this data	Contact Telephone Number - Number of person identified in data line <030> 9078425251 ext.	Contact Email Address - Email Address of person identified in data line <030> mmegli@nushagak.coop
<010>	<015>	<020>	<030>	<032>	<039>

Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends



Certification - Reporting Carrier	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	613018
<015>	Study Area Name	NUSHAGAK ELEC & TEL
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Megli
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mmegli@nushagak.coop

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients

I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.

Name of Reporting Carrier: NUSHAGAK ELEC & TEL

Signature of Authorized Officer: CERTIFIED ONLINE Date 06/29/2015

Printed name of Authorized Officer: Michael Megli

Title or position of Authorized Officer: CEO/GM

Telephone number of Authorized Officer: 9078425251 ext.

Study Area Code of Reporting Carrier: 613018 Filing Due Date for this form: 07/01/2015

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

	ion - Agent / Carrier ection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010>	Study Area Code	613018	
<015>	Study Area Name	NUSHAGAK ELEC & TEL	
<020>	Program Year	2016	
<030>	Contact Name - Person USAC should contact regarding this data	Michael O. Megli	
<035>	Contact Telephone Number - Number of person identified in data line <030>	9078425251 ext.	

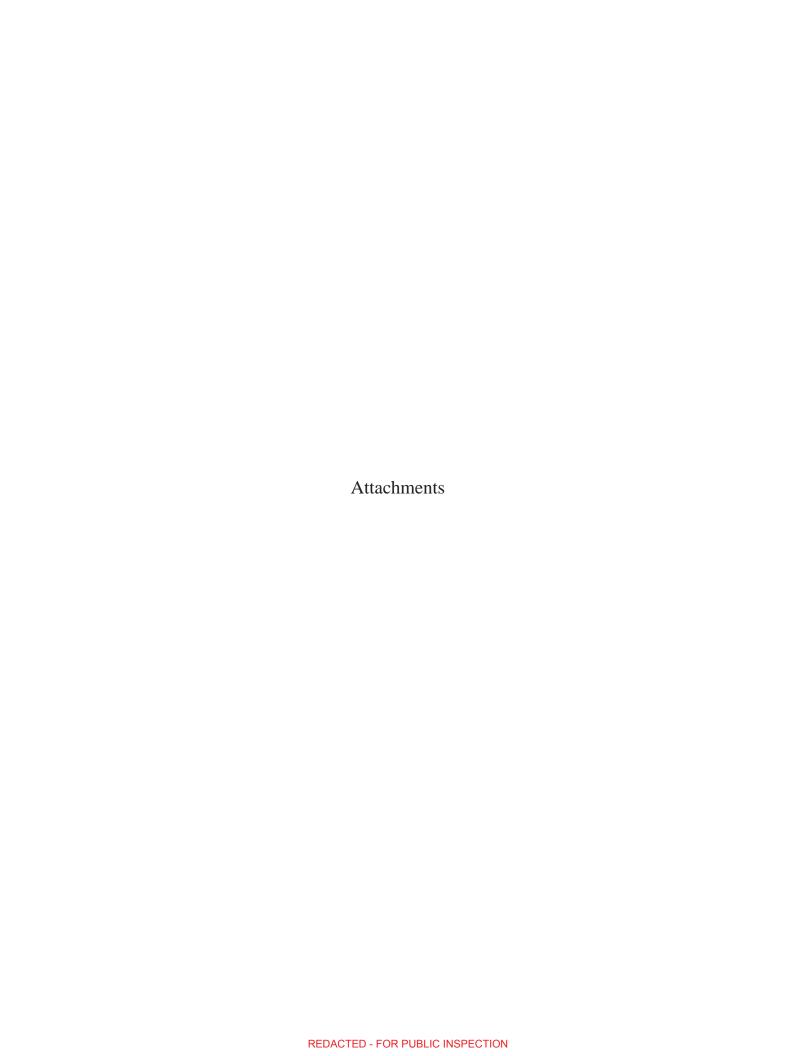
TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

<039> Contact Email Address - Email Address of person identified in data line <030> mmegli@nushagak.coop

Certification of Officer t	Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
	is authorized to submit the information reported on behalf of the reporting er; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent is accurate.	
Name of Authorized Agent:		
Name of Reporting Carrier:		
Signature of Authorized Officer:	Date:	
Printed name of Authorized Officer:		
Title or position of Authorized Officer:		
Telephone number of Authorized Officer:		
Study Area Code of Reporting Carrier:	Filing Due Date for this form:	
Persons willfully making false statements on this	rm can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent	Authorized to File Annual Reports for CAF or LI Recipie	ents on Behalf of Reporting Carrier
	horized to submit the annual reports for universal service suppor reporting carrier; and, to the best of my knowledge, the informa	
Name of Reporting Carrier:		
Name of Authorized Agent or Employee of Agent:		
Signature of Authorized Agent or Employee of Agent:		Date:
Printed name of Authorized Agent or Employee of Agent:		
Title or position of Authorized Agent or Employee of Ager	t	
Telephone number of Authorized Agent or Employee of A	gent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:	
Persons willfully making false statements on this for	m can be punished by fine or forfeiture under the Communications Act of 18 of the United States Code, 18 U.S.C. § 1001.	1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title



FCC Form 481	OMB Control No. 3060-0986/OMB Control No. 3060-0819	July 2013
(700) Price Offerings including Voice Rate Data	Data Collection Form	

<010>	<010> Study Area Code	613018
<015>	<015> Study Area Name	NUSHAGAK ELEC & TEL
<020>	<020> Program Year	2016
<030>	<030> Contact Name - Person USAC should contact regarding this data	Michael O. Wegli
<032>	<035> Contact Telephone Number - Number of person identified in data line <030>	<pre><030> 9078425251 ext.</pre>
<039>	<039> Contact Email Address - Email Address of person identified in data line <030>	:<030> mmegli@nushagak.coop

<701> Residential Local Service Charge Effective Date<702> Single State-wide Residential Local Service Charge

<703>

1/1/2015

		الما	_	_	_	_	_	_	_	_	_
<>>>		Total per line Rates and Fees	21.25	29.26	29.26						
<	Mandatory Extended Area	Service Charge	0.0	0.0	0.0						
 		State Universal Service Fee	2.0	2.76	2.76						
 	: : :	State Subscriber Line Charge	5.25	5.25	5.25						
 	Residential Local	Service Rate	14.0	21.25	21.25						
 b1>		Rate Type	FR	FR	FR						
<a3></a3>	(0-10)	SAC (CETC)									
<a2></a2>		Exchange (ILEC)	842	236	289						
<a1></a1>		State	AK	AK	AK						

_	_	_	_			

FCC Form 481	OMB Control No. 3060-0986/OMB Control No. 3060-0819	July 2013
(710) Broadband Price Offerings	Data Collection Form	

613018	NUSHAGAK BLEC & TEL	2016	Michael O. Megli	> 9078425251 ext.)> mmegli@nushagak.coop	
<010> Study Area Code	<015> Study Area Name	<020> Program Year	<030> Contact Name - Person USAC should contact regarding this data	<035> Contact Telephone Number - Number of person identified in data line <030>	<039> Contact Email Address - Email Address of person identified in data line <030> mmegli@nushagak.coop	
<010>	<015>	<020>	<030>	<032>	<039>	

<d4>></d4>	Usage Allowance Action Taken When Limit Reached {select}	Overage Charge	Overage Charge	Overage Charge	Overage Charge									
	Usage Allowance (GB)	25.0	40.0	0.09	100.0									
<d3></d3>	Broadband Service Usag -Upload Speed (Mbps) (GB)	1.0	2.0	2.0	2.0									
<d2></d2>	Broadband Service - Broadband Service Download Speed	4.0	6.0	6.0	6.0									
<c> <d1></d1></c>	Total Rates and Fees	113.3	155.18	231.99	331.99									
 	State Regulated Fees	0.0	0.0	0.0	0.0									
 b1>	Residential Rate	113.3	155.18	231.99	331.99									
<a2></a2>	Exchange (ILEC)	Dillingham	Dillingham	Dillingham	Dillingham									
<a1></a1>	State	AK	AK	AK	AK									
<711>														

Consumer Protection

Nushagak Electric & Telephone Cooperative, Inc. complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft. A manual for each of those programs is in place and is part of the employees' handbook. Employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

Service Quality Standards

Nushagak Electric & Telephone Cooperative, Inc. complies with the service standards of the Regulatory Commission of Alaska as promulgated in the RCA Statutes 3 AAC 53.450(a) and (c) Eligible Telecommunications Carrier Designation Consumer protection and service quality.

Nushagak Electric & Telephone Cooperative, Inc. 2015 Annual 54.313 Report of High-Cost Recipient

54.313(a)(6) Ability to Remain Functional in Emergency Situations

Back-up Power

Telco Name has the following back-up power capabilities:

Switches – stand alone and/or host

- 1. Dillingham area Metaswitch. Gel Cell battery backup, 2,090 Ah. Estimarun time of 12 hours
- 2. Clarks point area Redcom Switch. Sealed Lead acid battery, 600 Ah wi Solar panels. Estimated run time of 24 hours.
- 3. Manokotak area Redcom Switch. Located in AT&T earth station facilit Lead acid battery-Estimated run time 8 hours

Subscriber carrier (DLC, AFC, OPM, etc.)

- 1. Dillingham area Kanananak. Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
- 2. Dillingham area Lupin Dr. Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
- 3. Dillingham area, Wasky Rd. Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
- 4. Dillingham area, 9 mile lake road, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
- 5. Dillingham area, ravens view, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
- 6. Dillingham area, Aleknagik south shore, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
- 7. Dillingham area, Aleknagik north shore, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.
- 8. Manokotak area, Manokotak heights, Sealed Lead acid battery, 600 Ah. 30 hour estimated run time.

Network Interface Devices (NIDs)

Nushagak Electric & Telephone Cooperative, Inc. has 1564 customers with metallic (copper) connections to the Central Office and their NIDs are powered from the Central Office.

Nushagak Electric & Telephone Cooperative, Inc. has 3 customers with non-metallic (fiber optic) connections to the Central Office. These Facilities are equipped with 100% backup diesel generation systems.

Ability to reroute traffic around damaged facilities:

Nushagak Electric & Telephone Cooperative Inc. has built redundant facilities between its exchanges and / or to its connecting company / toll tandem. This redundant facility is in the form of a SONET ring (or other technology) with alternate physical facilities between Nushagak Electric & Telephone Cooperative Inc., AT&T, and GCI, its interconnection to the Public Switched Telephone Network.

Capability to manage traffic spikes resulting from emergency situations

Nushagak Electric & Telephone Cooperative, Inc. has 1567 customers, switching capacity of 250,000 simultaneous calls, and transport capacity for 2,016 simultaneous calls. Nushagak Electric & Telephone Cooperative, Inc. also has 151 broadband lines to 1 ISP and takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

Nushagak Electric and Telephone Cooperative (NETC) has performed the following items to comply with the Federal Communications Commission requirement for Exchange Telephone Carriers (ETCs) to engage with Tribal entities to assess their communication needs on Tribal lands.

NETC mailed the following letter on November 11, 2014 to all the Tribal Entities in our service area:

November 11, 2014

(Tribal Entity Name)

P. O. Box 216

Dillingham, Alaska 99576

Tribal Administrator (Recipient)

Nushagak Electric and Telephone Inc. request to Tribal Entities concerning fund pooling mechanisms for communications services.

(Name of Recipient):

Nushagak Electric and Telephone Cooperative Inc. (NETC) would like to meet with your organization discuss planning options for fulfilling tribal communications needs in your area.

NETC would like to meet with you when it is convenient for you and your representatives.

If you do not have meeting facilities available NETC will provide a place for us to meet.

If you have any further questions or require additional information please do not hesitate to contact NETC. I can be contacted at 842-6316 or via email at mmegli@nushagak.coop. Additionally, Michael Favors can be contacted at 842-6367 or via email at mfayors@nushagak.coop.

Sincerely,

Mike MegliCEO/GM

The Tribal Entities within the NETC serving are the following:

Aleknagik Traditional Council

Curyung Tribal Council

Portage Creek Village Council

Manokotak Village Council

Ekuk Village Council

Clarks Point Village Council

Choggiung and Bristol Bay Native Association were removed from our list. Choggiung informed NETC they were not a Tribal Entity on November 26, 2012. During NETC's meeting with Bristol Bay Native Association (BBNA) on December 4, 2012 it was recommended by BBNA that NETC consult with the individual Tribal Entities in NETC's serving area. NETC has reached out to all of the Tribal Entities in our service area.

Aleknagik Traditional Council

NETC has been working with the Aleknagik Traditional Council towards a master easement agreement with Aleknagik Natives Limited. The agreement is in legal review at this time and we expect to finalize the agreement in 2015.

Curyung Tribal Council

Curyung responded to our request and requested that representatives from NETC attend Curyung's monthly board meeting at 6:00 PM on January 13, 2015. Mike Megli (CEO) and Michael Favors (Telecom Operations Manager) attended the meeting. The decision was made for us to meet with Billy Mane at a later date to discuss their communications needs. NETC representatives Michael Favors (Telecom Operations Manager) and Gabe Gomez (Network Services Supervisor) met with Billy Mane on January 20, 2015 at 1:30 PM. After meeting with Mr. Mane it was determined the communications problems were a combination of personal computer software issues and programing of a server located withi their network. There are no schools or anchor institutions for NETC to serve on Curyung lands with the exception of voice and broadband to their offices located in Dillingham.

Portage Creek Village Council

Portage Creek is a village located on the Nushagak River. There is no school, library, etc. The village is currently occupied by one year round family and the remainder of the village is utilized seasonally.

Air traffic or summer boat service is the only access to this village.

Manokotak Village Council

NETC currently provides the copper cable necessary to provide voice and broadband services to the Manokotak School and Health Clinic. NETC is currently in the process of constructing the fiber network necessary to provide terrestrial middle mile connectivity.

Air traffic is the only access to this village.

Ekuk Village Council

Ekuk Village located near Clarks Point does not have any full time residents with the exception of a watchman at the cannery located near Ekuk. There is no school, library or health clinic located in Ekuk.

Air traffic is the only access to this village.

Clarks Point Village Council

NETC provides voice services to the Village council office. NETC provides the copper facilities to link the village health clinic to the telemedicine network. The village school was closed in 2012. There is no library in Clarks Point.

Air traffic is the only access to this village.

54.313 Lifeline customers MOU and additional toll charges

Lifeline subscribers receive the same residential service as a regular subscriber, but at a reduced monthly recurring rate. Thus, lifeline subscribers have an unlimited number of local calling minutes. As for toll, lifeline subscribers, similar to every Nushagak Electric & Telephone Cooperative, Inc. subscriber, are free to choose their own toll usage plans through IXCs that serve Nushagak Electric & Telephone Cooperative, Inc.



Solutions for the Future

557 Kenny Wren Road • P.O. Box 350 • Dillingham, AK 99576 Phone: 907-842-5251 • FAX: 907-842-2799 • www.nushtel.com

Date: June 22, 2015

Ms. Marlene H. Dortch Secretary Federal Communications Commission 9300 East Hampton Drive Capitol Heights, MD 20743

Re: WC Docket No. 14-58, 2015 Annual Report, Form 481 for High-Cost Recipient 54.313(f)(1) "Milestone Certification"

Dear Ms Dortch:

In compliance with the filing requirements associated with, and attached to Form 481, we wish to advise the Commission that Nushagak Electric and Telephone Cooperative Inc. provides High Speed Internet service to its customers which:

- Has taken reasonable steps;
- Provides latency suitable for real-time applications including VoIP and usage capacity which is reasonably comparable to those in urban areas and;
- That reasonable requests for service are met within a reasonable timeframe.

If there are questions, I may be contacted at 907-842-5251.

Mike Megli CEO/GM

C:\Users\michael\Documents\5-year plan\5 year plan 2015\Milestone Certification for Line 3010 (2).docx
Nushagak Electric & Telephone Cooperative, Inc.
Providing Electric, Telephone, Internet and Cable Television Service

ANCHOR INSITUTIONS WITHIN NUSHAGAK ELECTRIC AND TELEPHONE COOPERATIVE INC (NETC) TERRITORY

For the year 2014, no anchor institutions were newly provided access to high-speed broadband. There are no outstanding requests from broadband service for anchor institutions without access to NETC broadband. As of the end of year 2014, NETC has provided access to high speed broadband service to the following institutions (those who are connected to NETC broadband are so noted):.

Number Name

Anchor institutions include the following:	NETC Internet(Y/N)	Connect Date
1. Dillingham Grade School	N	
2. Aleknagik Grade School	N	
3. Dillingham High School	N	
4. Manokotak School	N	
5. Dillingham Library	N	
6. University of Alaska Fairbanks	N	
7. Kanakanak Native Hospital	Y	12/14/2012
8. North Shore Medical Clinic	N	
9. South Shore Medical Clinic	N	
10. Clarks Point Medical Clinic	N	
11. Manokotak Medical Clinic	N	
12. Bristol Bay Native Association	Y	7/12/2013
13. Alaska State Troopers	Y	11/12/2012
14. Alaska Department of Fish and Game	Y	5/23/2014
15. USF&W Togiak Wildlife Refuge	Y	8/30/2013
16. Bristol Bay Economic Development Corporation	Y	10/12/2012
17. City of Dillingham	Y	1/12/2013
18. Dillingham Police Department	Y	1/12/2013



Financial Statements with Supplemental Information and RUS Letters

Years Ended December 31, 2014 and 2013



Financial Statements with Supplemental Information and RUS Letters

Years Ended December 31, 2014 and 2013

Table of Contents	Page
Independent Auditors' Report	1
Financial Statements:	
Balance Sheets	3
Statements of Operations and Patronage Capital	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information:	
Combining Divisional Balance Sheets - 2014	17
Combining Divisional Statements of Operations and Patronage Capital - 2014	19
Combining Divisional Statements of Cash Flows - 2014	20
Independent Auditors' Report on Compliance with Aspects of Contractual Agreements and Regulatory Requirements for Telecommunications Borrowers	21
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23

Personal, Local, Global,

INDEPENDENT AUDITORS' REPORT

To the Board of Directors Nushagak Electric and Telephone Cooperative, Inc. Dillingham, Alaska

We have audited the accompanying financial statements of Nushagak Electric and Telephone Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations and patronage capital, and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nushagak Electric and Telephone Cooperative, Inc. at December 31, 2014 and 2013, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining divisional statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2015 on our consideration of Nushagak Electric and Telephone Cooperative, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

AKTLLP

Salem, Oregon March 27, 2015

Balance Sheets

December 31, 2014 and 2013

ASSETS	2014	2013
Current Assets:		
Cash and cash equivalents		
Accounts receivable net of allowance for doubtful accounts of \$0 (\$50,716 in 2013)		
Materials and supplies inventory		
Fuel inventory		
Prepaid expenses		
Total Current Assets		
Other Assets:		
Investments in associated organizations		
Deferred charges		
Total Other Assets		
Property, Plant and Equipment		
In service		
Under construction		
Total Property, Plant and Equipment		
Less accumulated depreciation		
Property, Plant and Equipment, net		
Total Assets		
LIABILITIES AND EQUITIES		
Current Liabilities:		
Current maturities of long-term debt		
Line of credit		
Accounts payable		
Consumer deposits		
Other accrued liabilities		
Total Current Liabilities		
Long-Term Debt, net of current maturities		
Total Liabilities		
Equities:		
Patronage capital		
Other equities		
Total Equities		
Total Liabilities and Equities		

Statements of Operations and Patronage Capital

Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues:		
Electric		
Local network service		
Network access services		
Cable, net of retransmission fees of \$250,681 (\$236,955 in 2013)		
Internet		
Miscellaneous		
Total Operating Revenues		
Operating Expenses:		
Power production		
Distribution		
Plant specific		
Plant non-specific		
Depreciation		
Customer		
Administrative and general		
Cable and internet		
Operating taxes		
Total Operating Expenses		
Operating Margin (Loss)		
Other Income:		
Patronage allocations		
Interest and dividend income		
Interest expense		
Non-regulated net income		
Net Other Income		
Net Margin		
Beginning Patronage Capital		
Patronage Capital Retired		
Other Adjustments		
Ending Patronage Capital		

See accompanying notes to financial statements.

Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Net margin		
Adjustments to reconcile net margin to net cash		
provided by operating activities:		
Depreciation		
Noncash patronage allocations		
Changes in assets and liabilities:		
Accounts receivable		
Materials and supplies inventory		Ē
Fuel inventory		
Prepaid expenses		
Deferred charges		
Accounts payable		
Consumer deposits		
Other accrued liabilities		
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Purchases of plant		
Proceeds from grant reimbursements		
Patronage dividends received		
Net Cash Used by Investing Activities		
Cash Flows from Financing Activities:		
Net payments on line of credit		
Proceeds from long-term debt		I
Payments on long-term debt		
Capital credit payments, net		
Refunds of federal communications excise tax		
Net Cash Provided (Used) by Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents, beginning		
Cash and Cash Equivalents, ending	\$	
Cash Paid During the Year for Interest, net of amounts capitalized	\$	

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies

Organization

Nushagak Electric and Telephone Cooperative, Inc. (the Cooperative) was created effective January 1, 2002 with the merger of Nushagak Electric Cooperative, Inc. and Nushagak Telephone Cooperative, Inc. The Cooperative is an Alaska cooperative corporation providing electric, telecommunications, cable television and internet services within and around the Dillingham, Alaska area.

Basis of Accounting

The Cooperative's financial statements are prepared on the accrual basis of accounting in conformity with the accounting principles generally accepted in the United States of America applicable to regulated enterprises.

Interdivisional Transactions

The operations of the Cooperative are segregated into the electric division, the telephone division, and the cable division, for management and external reporting purposes. Each division has transactions with the other divisions in the normal course of conducting business. For example, the electric division pays the telephone division for telephone service. Because these amounts are not considered material to the financial statements, there have been no eliminations for interdivisional revenues and expenses except for interest on interdivision loans.

Use of Estimates

The Cooperative uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Regulation

The electric division of the Cooperative maintains its accounting records in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission as modified for electric borrowers of the Rural Utilities Service (RUS). The telephone division of the Cooperative maintains its accounting records in accordance with the Uniform System of Accounts, as prescribed by the Federal Communications Commission (FCC). As a result, the application of accounting principles generally accepted in the United States by the Cooperative differs in certain respects from the application by non-regulated entities. Such differences primarily concern the time at which certain items enter in the determination of net margin.

The telephone division of the Cooperative is subject to limited regulation by the FCC and the Regulatory Commission of Alaska (RCA) regarding the provision of telecommunication services. The local exchange operations are exempt from rate regulation by the RCA.

The electric division of the Cooperative must comply with applicable regulatory standards related to generation and transmission.

The Cooperative is subject to normal environmental standards imposed by federal, state, and local environmental laws and regulations. Environmental expenditures are expensed or capitalized depending on their future economic benefit. Liabilities for such expenditures are recorded when it is probable that obligations have been incurred and the cost can be reasonably estimated.

Regulatory and legislative actions, as well as future regulations, could have a significant impact on the Cooperative's future operations and financial condition. See Note 1, National Broadband Plan and FCC Order.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Cooperative considers all cash and short-term investments that are readily convertible to known amounts of cash and that present an insignificant risk of change in value due to changes in interest rates or other factors, to be cash equivalents.

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents, continued

The Cooperative maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000.

The Cooperative has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

The Cooperative provides an allowance for doubtful accounts that is based on a review of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 30 days after the issuance of the invoice. Receivables from other exchange carriers are typically outstanding from 30 to 60 days before payment is received. Delinquent accounts are charged to uncollectible expense when it is determined that the account will not be collected. Receivables past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Investments in Associated Organizations

Investments in associated organizations are stated at cost.

Fair Value of Financial Instruments

The Cooperative's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, accounts receivable, accounts payable, and notes payable. The Cooperative estimates that the fair value of all of these non-derivative financial instruments at December 31, 2014 and 2013 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheets.

Fuel, Materials and Supplies Inventory

For the electric division, inventory of fuel, antifreeze, lube oil, and materials are recorded at the lower of weighted average cost or market. For the telephone division, materials and supplies are stated at average cost.

Property, Plant and Equipment

Property, plant, and equipment in service and under construction are stated at cost, including appropriate direct and indirect costs associated with construction. Normal maintenance and repairs are charged to operations when incurred. Renewals and betterments are capitalized. For regulated and non-regulated assets, the Cooperative provides for depreciation on a straight-line basis over the estimated useful lives of the related assets, in accordance with rates consistent with industry standards. In accordance with composite group depreciation methodology, when a portion of the Cooperative's regulated property, plant, and equipment is retired in the ordinary course of business, the gross book value is eliminated from the utility plant accounts and such costs, plus removal expenses, less salvage, are charged to accumulated depreciation and no gain or loss is recognized.

Upon retirement, sale, or other disposition of non-regulated property, plant, and equipment, the cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are included in operations.

Extraordinary maintenance costs incurred by the electric division of the Cooperative are initially deferred and subsequently amortized to operating expenses over periods generally ranging from 18 to 60 months. Utility rates are stabilized at levels intended to fund these maintenance costs as they are amortized.

Contributions in aid of construction for the electric division are credited to the associated cost of construction of property units.

The Cooperative follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. The Cooperative uses a weighted-average interest rate based on total long-term debt.

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies, continued

Revenue Recognition

The Cooperative's billing for the usage of electricity reflects metered usage through approximately the fifteenth day of the month. The Cooperative estimates and records the revenue earned for the usage from the last billing through the end of the accounting period.

The Cooperative's monthly service fees derived from basic and local telephone service, as well as for cable and internet service, are billed in advance. Advance billings are recorded as a liability or reduction of receivables and subsequently transferred into income in the period earned. Usage sensitive revenues are billed in arrears.

Network Access Revenues

Network access revenue is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Cooperative, charge the long-distance carrier for access and interconnection to local facilities. The Cooperative has elected to file access tariffs through the National Exchange Carriers Association (NECA) and the Alaska Exchange Carriers Association (AECA) for these charges. These access tariffs are subject to approval by the FCC for interstate charges and the Regulatory Commission of Alaska (RCA) for intrastate charges.

When network access revenues have been received pursuant to the settlement and access agreements above, they are then either placed into a common pooling arrangement with other exchange carriers for redistribution or kept by the Cooperative. The redistributions are made according to formulas established by the governing boards of the pools and are generally based on expenses incurred and investments maintained.

The Cooperative participates in various pooling arrangements with NECA and AECA.

Settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period of 24 months (NECA pool only) after the close of the related calendar year, are recorded in the year in which such adjustments become determinable, based upon studies prepared by outside consultants.

In addition to recoveries from the pools, the Cooperative also receives revenues from the Universal Service High Cost Loop Fund (HCL) and other support mechanisms administered by the Universal Service Administrative Company (USAC). These universal service support revenues are intended to compensate the Cooperative for the high cost of providing service in rural areas. The amount of support received from HCL is based on the number of customers served and the cost of providing service in that area being in excess of the national average cost per loop, as determined by the FCC. These support revenues are included in the network access revenues in the accompanying financial statements.

National Broadband Plan and FCC Order

In 2010 the FCC issued the National Broadband Plan which outlined a long-term plan to increase broadband penetrations and services throughout the United States of America. The plan further outlined a proposed long-term phase-out of access charges (referred to as Intercarrier Compensation) and moved to support mechanisms based on broadband services rather than the current Universal Service High Cost Loop Fund administered by USAC.

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies, continued

National Broadband Plan and FCC Order, continued

In response to the plan, the FCC on October 27, 2011, approved Report and Order 11-161 (the Order), that begins the process of reforming the universal service and intercarrier compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further creates the Connect America Fund which will ultimately replace all existing high-cost support mechanisms as well as help facilitate ICC reforms.

The key provisions of the order include:

- Capping the federal universal service fund at current levels
- Placing limitations on capital and operating spending
- Establishing local rate benchmarks
- Capping the per-line support amount for the universal service high cost loop fund at \$250 per month
- Phase out of local switching support and the establishment of the CAF for recovery of investment and expenses related to the provision of switching services
- Reforming the ICC system by adopting a plan to transition from access charges to a bill and keep framework. The transition period for rate-of-return carriers such as the Cooperative is approximately 9 years from the date of the order.
- Adoption of a monthly Access Recovery Charge as a transitional recovery mechanism to mitigate the impact of reduced intercarrier revenues

The Order was effective December 29, 2011 and implementation began July 1, 2012. As of the implementation date CAF recovery is calculated based on the frozen fiscal year 2011 interstate switched access revenue requirement, plus certain 2011 intrastate access revenues, and will decline annually by 5% during the transition period.

In 2014, the FCC issued Orders for Reconsideration that included provisions to eliminate the quantile regression benchmarking analysis (this removes the limitations on capital spending contained in the Order), reinstate the safety-net additive that was eliminated as part of the Order and continued the transition of the local rate benchmark.

As of December 31, 2014 the Cooperative is transitioning its local rates and as of December 31, 2014, the Cooperative meets the local benchmark requirements. The Cooperative is not subject to the \$250 per line support cap. Furthermore, for the period ended December 31, 2014 the impacts to the Cooperative related to the 5% annual decline in switched access revenues have not been significant.

The overall reform process will take place in phases and will take several years to implement. Furthermore, the Order includes a Further Notice of Proposed Rulemaking and the FCC continues to issue Orders for Reconsideration and seek comments on various items. As a result, the ultimate outcome of these proceedings and their impact is uncertain at this time.

Excise Tax Refunds

Refunds of Federal communication excise taxes resulting from the Cooperative's status as a tax exempt cooperative are recorded as a direct increase to members' patronage capital accounts.

Patronage Capital

Patronage capital consists of undistributed net margins allocated to individual members and accumulated since inception, less distributions to members. Under the bylaws of the Cooperative, the distribution of such patronage capital to members of the Cooperative is at the discretion of the Board of Directors, and may be restricted under covenants of RUS mortgage notes.

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies, continued

Other Equities

Other equities consist of unclaimed distributions of patronage capital credits to members transferred to the Cooperative under the laws of the State of Alaska.

Income Taxes

The Cooperative has been granted an exemption from Federal income taxes under Section 501(c)(12) of the Internal Revenue Code, except for "unrelated" business income. However, in any year for which greater than 15% of gross revenue is derived from nonmember services, the Cooperative becomes a taxable cooperative. The Cooperative was exempt from income taxes in 2014 and 2013. The Cooperative is also exempt from state income taxes as a gross revenue tax on cooperatives overrides the filing of state income tax.

In years when the Cooperative is taxable, federal income taxes payable by taxable cooperatives are computed differently from taxes payable by other corporations, primarily because cooperatives are allowed to deduct margins allocated to patrons within 8½ months after the end of each taxable year.

The Cooperative follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Cooperative recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There were no amounts accrued in the financial statements related to uncertain tax positions in 2014 or 2013. The Cooperative files informational and income tax returns in the United States, state and local jurisdictions. With few exceptions, the Cooperative is no longer subject to U.S. Federal, state or local tax examination by tax authorities for years before 2011.

Subsequent Events

The Cooperative has evaluated subsequent events through March 27, 2015, the date on which the financial statements were available to be issued.

Note 2 - Investments in Associated Organizations

Investments in associated organizations consisted of the following at December 31:

	2014	2013
Electric Division		
National Rural Utilities Cooperative		
Finance Corporation (NRUCFC):		
Capital term certificates		
Patronage capital credits		
Membership		
Alaska Rural Electric Cooperative Association (ARECA)		
Insurance Exchange, assigned equity		
Nushagak Telephone Cooperative, Inc., patronage capital credits		
Total Electric Division		
Telephone Division		
Alaska Rural Electric Cooperative Association (ARECA)		
Insurance Exchange, assigned equity		
Rural Telephone Finance Cooperative, patronage capital credits		6
CoBank, patronage capital credits		
Nushagak Electric Cooperative, Inc., patronage capital credits		
Total Telephone Division		
•		
Total Investments in Associated Organizations		

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 3 - Property, Plant and Equipment

Listed below are the major classes of property, plant, and equipment in service at December 31, including related composite depreciation rates:

composite depreciation rates.	Depreciation		
	Percentage	2014	2013
Electric Division			
Land and improvements	-		
Production plant	3.0%		
Distribution plant	3.5%		
General plant	6.0-20.0%		
Telephone Division			
Land and improvements	-		
General plant and support	4.0-33.3%		
Central office	6.0-14.3%		
Cable and wire facilities	2.9-8.7%		
Cable Division			
Land and improvements	-		
Building and equipment	4.0 to 20.0%		
Head end equipment	20.0%		
Premise equipment	14.3%		
Internet equipment	12.5%		
Distribution facilities	8.0%		
Total Property, Plant and Equip	ment in Service	\$	

In 2009, the Cooperative was awarded a grant from the Alaska Energy Authority (AEA), a public corporation of the State of Alaska, under the Renewable Energy Fund. The grant funds are to be used for feasibility studies, permitting, and engineering costs related to a potential hydropower project. During the year ended December 31, 2014, the Cooperative expended in grant funds (in 2013) bringing . Reimbursements received for expenditures of state cumulative expenditures of grant funding to grant funds during the year ended December 31, 2014 were (in 2013), bringing the total December 31, 2014 (at December 31, 2013). In 2010, the Cooperative was awarded a grant from the AEA under the Denali Commission. The grant funds are to be used for environmental and feasibility studies, permitting, and conceptual engineering related to a potential wind generation project. Project costs totaled as of December 31, 2014 and 2013. No funds were reimbursed for expenditures of state grant funds for the year ended December 31, 2014 (December 31, 2013). No funds were requested for reimbursement subsequent to December 31, 2014.

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 3 - Property, Plant and Equipment, continued

In 2012, the Cooperative was awarded a grant from the Alaska Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs. The grant funds are to be used for the purchase and construction of an 850,000 gallon fuel tank within the Cooperative's existing fuel tank farm. During the year ended December 31, 2013, the Cooperative expended expended, and all reimbursements had been received as of December 31, 2013.

In 2014, the Cooperative was awarded a grant from the Alaska Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs. The grant funds are to be used for the new substation. During the year ended December 31, 2014, the Cooperative expended in grant funds. Reimbursements received for expenditures of state grant funds during the year ended December 31, 2014 were . No funds were requested for reimbursement subsequent to December 31, 2014.

Note 4 - Deferred Charges

Deferred charges, net of accumulated amortization, relate to the electric division and consist of the following at December 31:

__..

	2014	2013
Deferred Charges		
Overhaul unit no. 11		
Overhaul unit no. 12	I	
Overhaul unit no. 13		
Overhaul unit no. 14		
Overhaul unit no. 15		
Air quality permits program		
Other		
Total Deferred Charges		

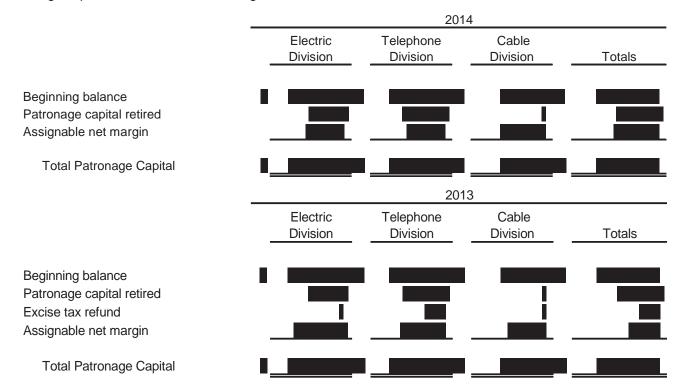
Included in deferred charges are costs associated with the air quality permits program, major overhauls, studies, and inspections. Such costs are originally deferred and subsequently capitalized to resultant construction or amortized over five years if construction does not materialize.

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 5 - Patronage Capital

Patronage capital consisted of the following at December 31:



Note 6 - Other Equities

Other equities consisted of the following at December 31:

Patronage estate discount
Patronage capital gain
Donated capital
Total Other Equities

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 6 - Other Equities, continued

Other equities consisted of the following at December 31:

Patronage estate discount
Patronage capital gain
Donated capital
Total Other Equities

Note 7 - Long-Term Debt

Long-term debt consisted of the following at December 31:

Electric Division

Total Electric Division
Less Current Portion
Long-Term Debt, net of current maturities

Notes to Financial Statements

Years Ended December 31, 2014 and 2013

Note 7 - Long-Term Debt, continued

Long-term debt consisted of the following at December 31:

	2014	2013
Telephone Division		
Total Telephone Division		
Less Current Portion		
Long-Term Debt, net of current maturities		
Total Long-Term Debt		
Less Current Portion		
Total Long-Term Debt, net of current maturities		

Future maturities of long-term debt are as follows:

	Electric	Telephone	
	Division	Division	Totals
2015			
2016			
2017			
2018			
2019			
Thereafter			

Notes to Financial Statements

Years Ended December 31, 2014 and 2013





Note 8 - Pension and Health and Welfare Plans



In the Plan, a "zone status" determination is not required and therefore, not determined under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations of plan assets are not determined or allocated separately by individual employer. In total, the NRECA RSP was 100 percent funded at January 1, 2013 based on the PPA funding target and PPA actuarial value of assets on that date. Information for the Plan year beginning January 1, 2014 is not available at the time of this audit report.

Because the provisions of PPA do not apply to the NRECA RSP, funding improvement plans and surcharges are not applicable and have not been applied. Future contribution requirements are determined each year as part of the actuarial valuation of the NRECA RSP and may change as a result of NRECA RSP experience. There is no collective bargaining agreement that affects future contribution requirements.

The Cooperative participates in multi-employer plans through NRECA that provide all employees with health care and other welfare benefits during the employees' working lives. Amounts charged to benefit cost and contributed to the health and welfare plan for those benefits totaled and permitted and permitted and permitted and 2013.

In addition, the Cooperative also participates in a contributory, multi-employer, defined contribution savings (401k) plan (the Savings Plan) sponsored by NRECA. This program provides a tax deferral of current employee earnings to a future period. All employees meeting the Savings Plan's eligibility requirements are eligible to participate if they have completed one month of service, and may contribute up to 25% of their salary. The employer does not contribute to this plan. All participants are immediately vested in their contributions.

SUPPLEMENTAL INFORMATION

Combining Divisional Balance Sheets - 2014

December 31, 2014

	Electric	Telephone	Cable	Eliminations	Total
ASSETS					
Current Assets:					
Cash and cash equivalents					
Accounts receivable, net of allowance for doubtful accounts of \$0				ı	
Materials and supplies inventory					
Fuel inventory					
Prepaid expenses				I	
Interdivision note receivable					
Total Current Assets					
Other Assets:					
Investments in associated organizations				I	
Deferred charges				. <u> </u>	
Total Other Assets			1		
Property, Plant and Equipment					
In service					
Under construction					
Total Property, Plant and Equipment				1	
Less accumulated depreciation					
Property, Plant and Equipment, net					
Total Assets					

Combining Divisional Balance Sheets - 2014

December 31, 2014

	Electric	Telephone	Cable	Eliminations	Total
LIABILITIES AND EQUITIES					
Current Liabilities:					
Current maturities of long-term debt					
Line of credit				ı	
Accounts payable				ı	
Consumer deposits				ı	
Other accrued liabilities				ı	
Interdivision note payable					
Total Current Liabilities					
Long-Term Debt, net of current maturities			ı		
Total Liabilities					
Equities:					
Patronage capital				1	
Other equities				. <u> </u>	
Total Equities					
Total Liabilities and Equities					

Combining Divisional Statements of Operations and Patronage Capital - 2014

Year Ended December 31, 2014

Operating Revenues:	Electric	Telephone	Cable	Eliminations	Total
Electric					
Local network service				I	
Network access services			I	I	
Cable, net of retransmission fees					
of \$250,681		<u>I</u>			
Internet				. !	
Miscellaneous				L .	
Total Operating Revenues					
Operating Expenses:					
Power production		I	I	ı	
Distribution		ı		ı	
Plant specific			Ī		
Plant non-specific				. !	
Depreciation					
Customer					
Administrative and general				!	
Cable and internet				. !	
Operating taxes					
Total Operating Expenses					
Operating Margin (Loss)				. <u> </u>	
Other Income:					
Patronage allocations				I	
Interest and dividend income			I		
Interest expense					
Non-regulated net income				. <u> </u>	
Net Other Income (Expense)					
Net Margin				1	
Beginning Patronage Capital				- 1	
Patronage Capital Retired				1	
Ending Patronage Capital					
Lifully Fallollage Capital					

Combining Divisional Statements of Cash Flows - 2014

Year Ended December 31, 2014

	Electric	Telephone	Cable	Eliminations	Total
Cash Flows from Operating Activities:	_	_		_	
Net margin					
Adjustments to reconcile net margin to net cash provided by operating					
activities:					
Depreciation				1	
Noncash patronage allocations				Ī	
Changes in assets and liabilities:				_	
Accounts receivable					
Materials and supplies inventory Fuel inventory				•	
Prepaid expenses				1	
Deferred charges					
Accounts payable				<u>!</u>	
Consumer deposits Other accrued liabilities				ł	
Net Cash Provided (Used) by					
Operating Activities				1	
Cash Flows from Investing Activities:					
Purchases of plant			_		
Interdivision note receivable					
Interdivision note payable Proceeds from grant reimbursements		- 1	•		
Patronage dividends received			i	i	
Net Cash Provided (Used) by			_		
Investing Activities					
Cash Flows from Financing Activities:					
Net payments on lines of credit		Į.	Į.	<u>.</u>	
Proceeds from long-term debt Payments on long-term debt				-	
Capital credit payments, net			i	ł	
Net Cash Provided (Used) by					
Financing Activities					
Net Increase in					
Cash and Cash Equivalents				- 1	
Cash and Cash Equivalents, beginning					
Cash and Cash Equivalents, ending					
Cash Paid During the Year for Interest,					
net of amounts capitalized					

RUS Letters

Year Ended December 31, 2014

Personal Local Global

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS FOR TELECOMMUNICATION BORROWERS

To the Board of Directors Nushagak Electric and Telephone Cooperative, Inc. Dillingham, Alaska

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Nushagak Electric and Telephone Cooperative, Inc., (the Cooperative), which comprise the balance sheet as of December 31, 2014, and the related statements of operations and patronage capital, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2015. In accordance with *Government Auditing Standards* we have also issued our report dated March 27, 2015, on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that the Cooperative failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, Policy on Audits of Rural Utilities Service Borrowers, §1773.33 and clarified in the RUS policy memorandum dated February 1, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Cooperative's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, except as noted below, we noted no matters regarding the Cooperative's accounting and records to indicate that the Cooperative did not:

- Maintain adequate and effective accounting procedures;
- Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts:
- Reconcile continuing property records to the controlling general ledger plant accounts. The Cooperative's subsidiary plant records for central office and cable and wire have not been updated to agree with the general ledger. The Cooperative is in the process of updating these records to ensure the balances agree to the general ledger going forward;
- Clear construction accounts and accrue depreciation on completed construction;
- Record and properly price the retirement of plant;
- Seek approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintain adequate control over materials and supplies;
- Prepare accurate and timely Financial and Operating Reports;

- Obtain written RUS approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers all or substantially all of the telecommunication or electric system;
- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;
- Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures);
- Comply with the requirements for the detailed schedule of deferred debits; and
- Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a
 whole. The detailed schedule of investments required by 7CFR 1773.33(i) is omitted as the Cooperative
 does not have investments in affiliated or subsidiary companies.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole and the detailed schedule of deferred debits and deferred credits required by 7 CFR 1773.33(h), provided below, is presented for purpose of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Deferred debits at December 31, 2014 relate to the electric division and consist of the following:

Overhaul and repair of generator no. 11
Overhaul and repair of generator no. 13
Overhaul of generator no. 14
Overhaul of generator no. 15
Air quality permits program
Other

1

Total deferred charges

The Cooperative had no deferred credits at December 31, 2014.

This report is intended solely for the information and use of the Board of Directors, management, and the Rural Utilities Service and supplemental lenders, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

AKTLLP

Salem, Oregon March 27, 2015



Personal Local Global

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors Nushagak Electric and Telephone Cooperative, Inc. Dillingham, Alaska

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Nushagak Electric and Telephone Cooperative, Inc. (the Cooperative), which comprise the balance sheets as of December 31, 2014 and 2013 and the related statements of operations and patronage capital, and cash flows for the years ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits, we considered the Cooperative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below, that we consider to be a significant deficiency.

We consider the following to be a significant deficiency:

Accounting and Financial Reporting – During the course of the audit, we assisted the Cooperative's staff with reconciling certain activities and proposing adjustments to the general ledger. Our assistance with the reconciliations and adjustments was expected by management and the accounting staff and all of the proposed adjustments were accepted by management and posted to the general ledger. In some cases the adjustments are brought to our attention by the accounting staff while other adjustments are identified from our audit procedures. In addition, our expertise was required to draft the financial statements and supporting notes in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for the controls over the selection and application of accounting principles in conformity with accounting principles generally accepted in the United States of America, and is also responsible for the controls over the period-end financial reporting process. The period-end financial reporting process includes the controls over procedures used to initiate, authorize, record, and process transactions and journal entries into the general ledger; record recurring and nonrecurring adjustments to the financial statements; and prepare the financial statements and related notes. Having sufficient expertise in selecting and applying accounting principles is an aspect of such controls.

While the accounting staff of the Cooperative has the ability to perform the daily accounting functions and prepare monthly financial reports for management purposes, they have chosen to rely on the financial statement auditor to prepare the financial statements and supporting notes. Under current audit standards, the financial statement auditor cannot be considered part of the Cooperative's internal control over financial reporting, and therefore, our drafting of the financial statements and notes is considered to be a significant deficiency in the Cooperative's internal control over financial reporting.

Even though management has requested the auditors' assistance in preparing the financial statements and notes, management is still responsible for the financial information presented. In addition, management is responsible for:

- Making management decisions and performing all management functions.
- Designating an individual with suitable skill, knowledge, or experience to oversee the services provided by the auditors.
- Evaluating the adequacy and results of the services performed by the auditors.
- Accepting responsibility for the results of the services performed by the auditors.

Management Response

The Cooperative has evaluated the situation and has determined that it is cost prohibitive at this time to internally staff this level of expertise and believes that the monthly financial reports to management are appropriate. The Cooperative will continue to outsource the drafting of the annual, financial statements and supporting notes to external experts. Management has reviewed the draft financial statements and disclosures and has represented that they have taken responsibility for the statements including disclosures.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Cooperative's response was not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AKTLLP

Salem, Oregon March 27, 2015

Nushagak Electric and Telephone Cooperative Inc. ("NETC")

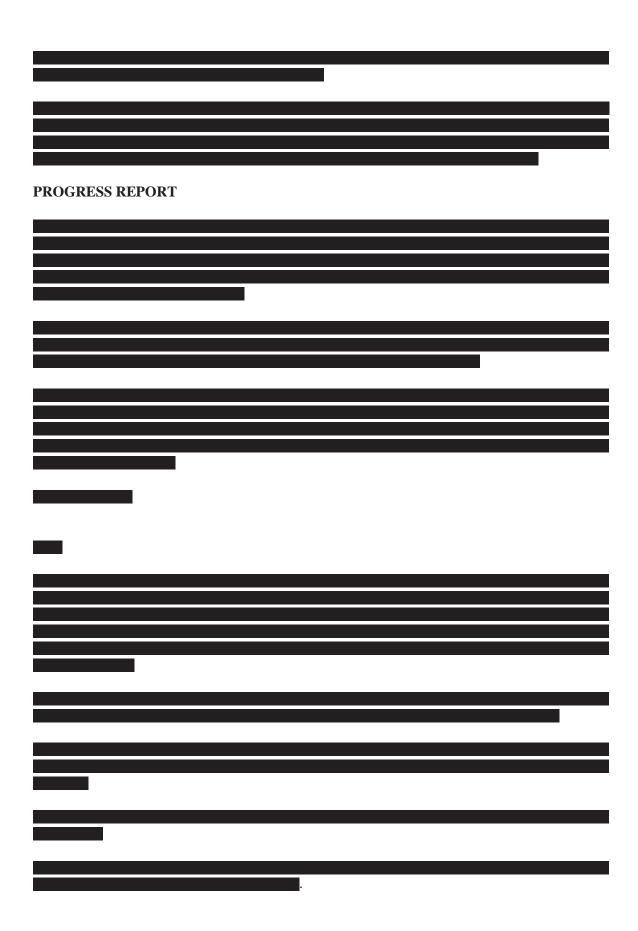
2015

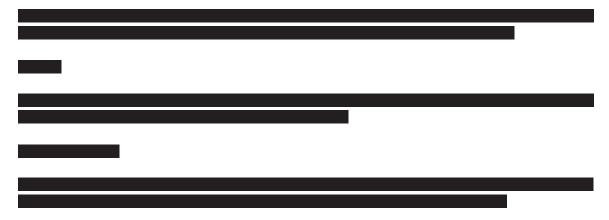
PROGRESS REPORT ON SERVICE QUALITY IMPROVEMENT PLAN

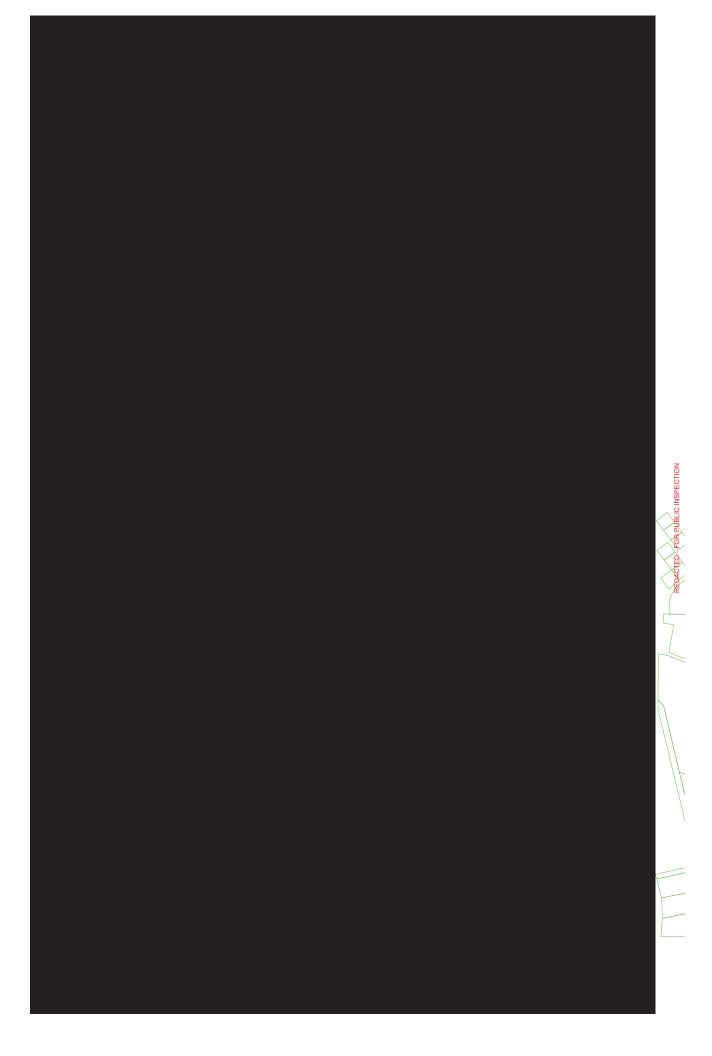
PREAMBLE

This document is an integral part of the Company's 2015 Annual Report, as attached to Form 481. It is in compliance with §54.313(a)(1) adopted in the FCC's USF/ICC Transformation Order (11-161) and incorporates all further clarifications identified in subsequent Reconsideration Orders, as applicable, that were in effect at the time the Annual Report was due by Rule to the requisite regulatory authorities.

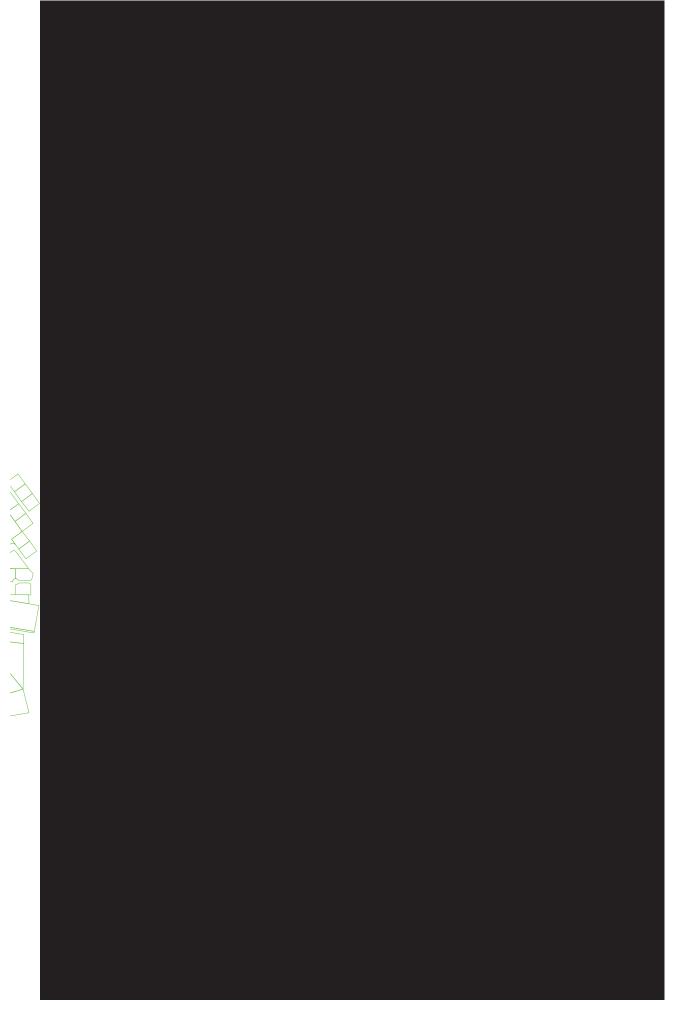
UNIVERSAL SERVICE SURBORE DECENTED IN 4015
UNIVERSAL SERVICE SUPPORT RECEIVED IN 2015



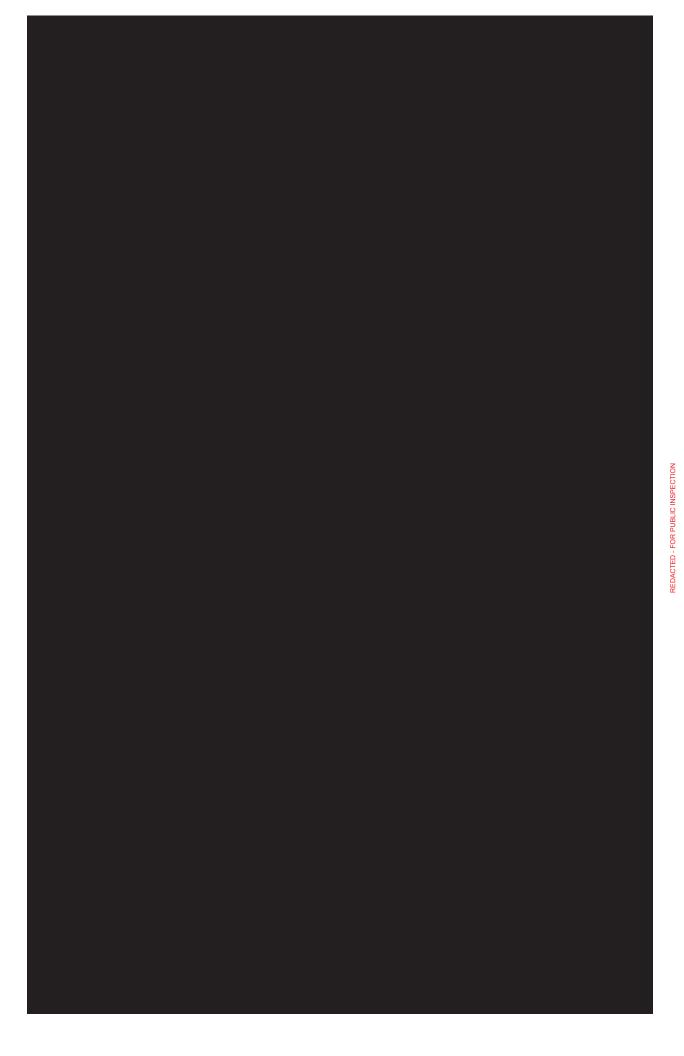




REDACTED - FOR PUBLIC INSPECTION















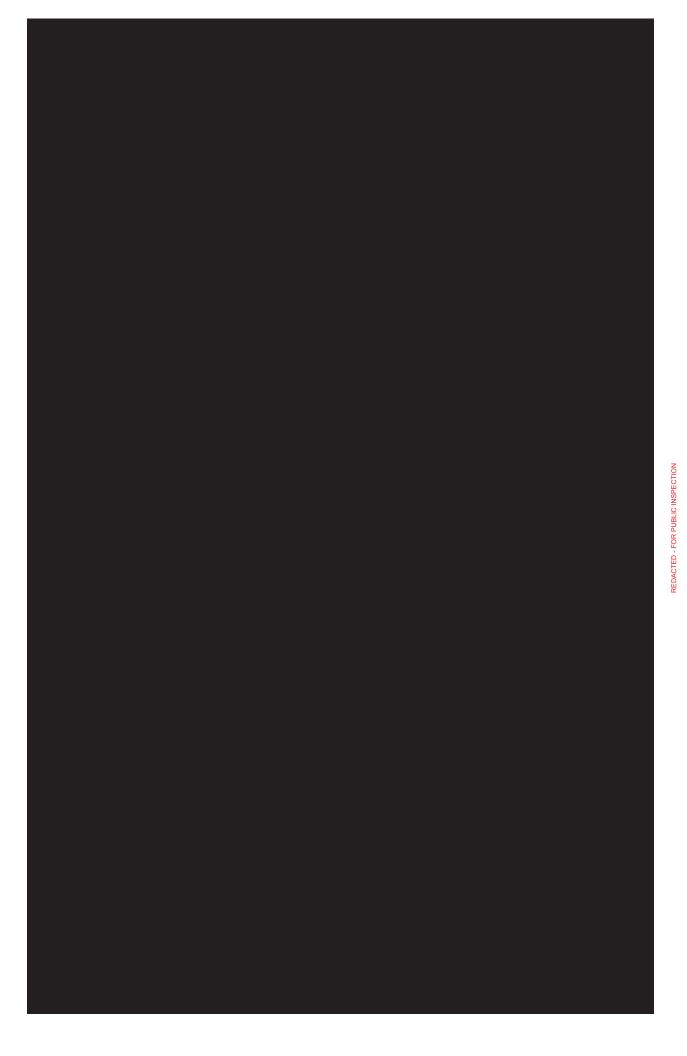
REDACTED - FOR PUBLIC INSPECTION











REDACTED - FOR PUBLIC INSPECTION









REDACTED - FOR PUBLIC INSPECTION

















NETWORK IMPROVEMENT PROJECTS AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014 NETWORK IMPROVEMENT PROJECTS AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014 NETWORK IMPROVEMENT PROJECTS AS OF 2014 ANNUAL REPORT SUBMISSION - JULY 1, 2014 **NETWORK IMPROVEMENT PROJECTS**